

TALKING POINTS FOR
SECRETARY ELIZABETH HANFORD DOLE
NATIONAL LEAGUE OF CITIES
MARCH 8, 1983

- * I regret I could not accept your invitation to meet with your Transportation Policy committee on Saturday, but I appreciate this opportunity to meet with members of the steering committee.
- * I feel that we are friends. I have had only the most cordial relationships with the National League of Cities, and over the years we have not always agreed on all issues but we have benefited -- I believe -- from frank and open discussions and a healthy exchange of viewpoints.
- * I have read with much interest your statement of Priorities for America's Cities adopted by the NLC's Board of Governors at your meeting Sunday. I share your concerns in many of those areas although, as you might expect, I believe you underestimate the extent to which economic recovery will help resolve urban problems and strengthen our nation's cities.
- * To narrow the focus somewhat, and for the short time I have with you, let me talk about one issue specifically: the Administration's budget for public transit.
- * Our fiscal '84 budget is consistent with Administration policy concerning operating assistance.
 - In March 1981, the President proposed a gradual phasing-out of operating subsidies over a four-year period. (To end in FY 1985.)
 - Congress has not always cooperated in this effort. (FY '83 appropriations provided \$875 million for operating assistance, a decrease of only 15 percent from FY '82.)
 - Nevertheless, we continue to believe that Federal operating subsidies breed more subsidies; they tend toward declining productivity and efficiency.

Federal funds are used to support local decisions (on fare and service levels).

- * Federal operating subsidies mask the real problem -- which is the necessity for cities to face the need for stable and reliable sources of funding to operate the systems that benefit their citizens alone.

- * The Administration has just as consistently supported increased Federal funding for capital programs.
 - Our UMTA capital programs in this fiscal year represent a 31 percent increase over 1982.
 - Our budget for FY '84 proposes a 44 percent increase in capital funding, compared to 1982.
 - Over these two years, about \$1.8 billion more will be available for capital projects for rehabilitation, modernization and construction of mass transit facilities.
 - This enables us to focus more resources on capital transit needs and leave operating decisions to local authorities.

- * While I was not directly involved in the progress of the Surface Transportation Assistance Act through the Congress, I am familiar with the legislation and the intent of the Administration with respect to transit funding.
 - At no time was there any agreement to permit revenues from the gasoline tax to be spent for operating assistance.
 - As for program levels, at the time hearings were held on the pending gasoline tax legislation Secretary Lewis advised members of the Committee that the authorization levels for public transit operating assistance as

outlined in that legislation would have to be "revisited" during development of the fiscal 1984 budget. He was referring to specific funding levels to be recommended, not to any anticipated revision of transit authorization levels in the budget itself which, as I have indicated, are consistent with the Administration's position to increase capital investments and phase-out operating subsidies.

- Actually, proposed program levels of \$550 million in 1983 and \$1.1 billion in 1984 are consistent with Treasury revenue estimates of \$536 million and \$1.09 billion, respectively, to be deposited into the mass transit account of the Highway Trust Fund during those years.

- * I would point out that there is a provision permitting bus capital funds to be used for operating assistance, if the recipient is willing to take a one-third discount in the apportioned funds. If every transit agency chose to exercise this option, plus all the other amounts available for operating assistance, the total for 1983 would reach \$1.04 billion.

- * Overall, we are proposing \$3.915 billion for transit programs in our FY 1984 budget. The total program level, of both general and trust funds, represents an increase of nine percent over 1982.

- * To touch on just one more issue, I know you have expressed some concern over funding for hazardous materials related programs.

- We really see no need for a "national trust fund" for that purpose.

- The 1982 Surface Transportation Assistance Act does provide for establishment of a grant-in-aid program to assist the states in motor carrier safety enforcement activities.

- We see no reason why hazardous materials enforcement couldn't be included under that program.
- As for determining specific routes for the movement of hazardous materials, we do regulate radioactive materials routing but we have not yet reached a decision on extending that authority to other hazardous materials. State and local governments, of course, are free to set their own standards (in the absence of any Federal standard) and designate acceptable routes.

* I'm sure that our time together today does not permit a thorough examination of any of those issues. My practice today and in the future, however, as it has been in the past, is to keep an open door and an open mind on all issues of concern to you and to the public at large.

* You may be sure that I will devote both time and thought to the priorities outlined by your Board, and that I will welcome further opportunities to discuss these matters with you.